

Washington, DC - New Mexicans could begin to see tax relief in their paychecks beginning this week because of the "Making Work Pay" tax credit. Part of the American Recovery and Reinvestment Act, the "Making Work Pay" tax cut will provide a refundable tax credit of up to \$400 for working individuals and \$800 for married taxpayers filing joint returns. The New Mexico House delegation applauded the "Making Work Pay" tax credit.

"Families throughout New Mexico will start to see the Making Work Pay tax credit in their paycheck beginning this week," said Rep. Ben Ray Luján. "During these difficult economic times, it is important that we look out for working families. Over 95 percent of families will see the benefits of the Making Work Pay tax credit, helping them make ends meet during this economic downturn."

"The Making Work Pay tax credit provides immediate relief to the working families of the First Congressional District," said Rep. Martin Heinrich. "My hope is that this relief eases the economic strain that so many New Mexicans are dealing with today."

"Working families are the backbone of New Mexico's economy," said Rep. Harry Teague. "The tax cuts that will go into effect this week will put some extra money in the pockets of the working people so that they can continue to help turn our nation's economy around."

According to the Internal Revenue Service, workers do not have to take action to receive the tax credit. For most workers, the credit will typically be handled by their employers through automated withholding changes. These changes may result in an increase in take-home pay. Taxpayers who do not have taxes withheld by an employer during the year can also claim the credit on their 2009 tax return.

For more information on the Making Work Pay Tax Credit, visit the Internal Revenue Services' Web site.

The "Making Work Pay" tax credit is part of larger tax relief headed to New Mexico. According to the Internal Revenue Service, several tax provisions in the American Recovery and Reinvestment Act are available for families and small businesses:

- **Money Back for New Vehicle Purchases.** Taxpayers who buy certain new vehicles in 2009 can deduct the state and local sales taxes they paid.
- **Increased Transportation Subsidy.** Employer-provided benefits for transit and parking are up in 2009.
- **Up to \$2,400 in Unemployment Benefits Tax Free in 2009.** Individuals should check their tax withholding.
- **Net Operating Loss Carryback.** Small businesses can offset losses by getting refunds on taxes paid up to five years ago. Information on the carryback, an expanded section 179 deduction and other business-related provisions is now available.
- **COBRA: Health Insurance Continuation Subsidy.** The IRS has extensive guidance for employers, including an updated Form 941, as well as information for qualifying individuals.
- **First-Time Homebuyer Credit Expands.** Homebuyers who purchase in 2009 can get a credit of up to \$8,000 with no payback requirement.
- **Enhanced Credits for Tax Years 2009, 2010.** Details available on the earned income tax credit, additional child tax credit and American Opportunity Credit, a new higher education benefit.
- **Payroll Checks Increase This Spring.** The Making Work Pay Tax Credit will mean \$400 to \$800 for many Americans. The IRS has issued new withholding tables for employers.
- **\$250 for Social Security Recipients, Veterans and Railroad Retirees.** The Economic Recovery Payment will be paid by the Social Security Administration, Department of Veterans Affairs and the Railroad Retirement Board.

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